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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**Current Report  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 2, 2015**

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**Donegal Group Inc.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-15341**  
(Commission  
file number)

**23-02424711**  
(I.R.S. employer  
identification no.)

**1195 River Road, Marietta, Pennsylvania**  
(Address of principal executive offices)

**17547**  
(Zip code)

**Registrant's telephone number, including area code: 717-426-1931**

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01.            Regulation FD Disclosure.

Beginning on March 2, 2015, our officers will present to various investors and analysts the information attached to this Current Report on Form 8-K as Exhibit 99.1. We incorporate by reference the material information included in our presentation to those investors and analysts in Exhibit 99.1 in this Current Report on Form 8-K.

The information in this Current Report on Form 8-K, including the information in Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or in any filing under the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01.            Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Investor Presentation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DONEGAL GROUP INC.

By: /s/ Jeffrey D. Miller

Jeffrey D. Miller, Executive Vice President and Chief Financial Officer

Date: March 2, 2015

# Pursuing Effective Business Strategy in Regional Insurance Markets

Investor  
Presentation  
March 2015



# Forward-Looking Statements

The Company bases all statements made in this presentation that are not historic facts on its current expectations. These statements are forward-looking in nature (as defined in the Private Securities Litigation Reform Act of 1995) and involve a number of risks and uncertainties. Actual results could vary materially. Factors that could cause actual results to vary materially include: the Company's ability to maintain profitable operations, the adequacy of the loss and loss expense reserves of the Company's insurance subsidiaries, business and economic conditions in the areas in which the Company operates, interest rates, competition from various insurance and other financial businesses, terrorism, the availability and cost of reinsurance, adverse and catastrophic weather events, legal and judicial developments, changes in regulatory requirements, the Company's ability to integrate and manage successfully the companies it may acquire from time to time and other risks the Company describes from time to time in the periodic reports it files with the Securities and Exchange Commission. You should not place undue reliance on any such forward-looking statements. The Company disclaims any obligation to update such statements or to announce publicly the results of any revisions that it may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

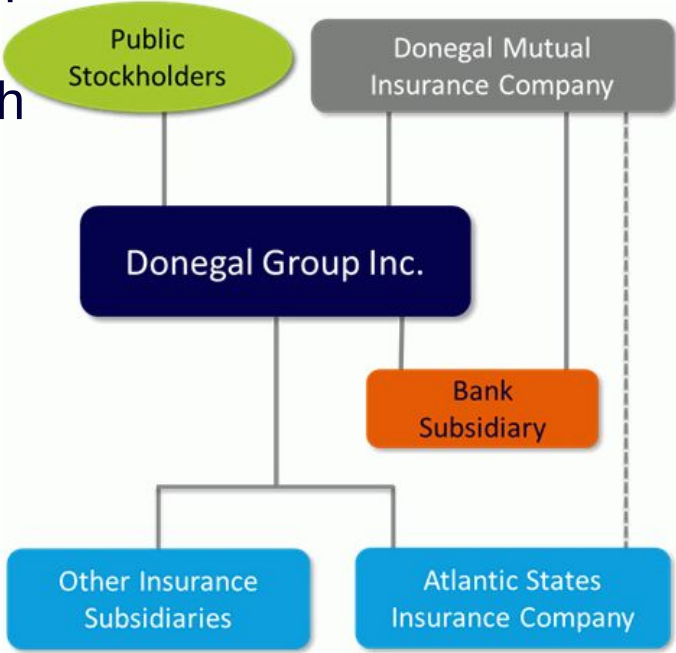
Reconciliations of non-GAAP data are included in the Company's news releases regarding quarterly financial results, available on the Company's website at [investors.donegalgroup.com](http://investors.donegalgroup.com).

# Insurance Holding Company With Mutual Affiliate

- Regional property and casualty insurance group
  - 21 Mid-Atlantic, Midwestern, New England and Southern states
  - Distribution force of approximately 2,400 independent agencies
  - Completed 10 M&A transactions between 1988 and 2010
- Interrelated operations and pooling agreement with Donegal Mutual since inception in 1986
- DGICA and DGICB trade on NASDAQ exchange
  - DGICA dividend yield of 3.4%
  - DGICA shares have 1/10 vote; DGICB shares have one vote

# Structure Provides Stability to Pursue Successful Long-Term Business Strategy

- Outperform industry in service, profitability and book value growth
- Drive revenues with organic growth and opportunistic transactions
- Focus on margin enhancements and investment contributions



*(Detailed organizational chart included in Supplemental Information – see page 29)*

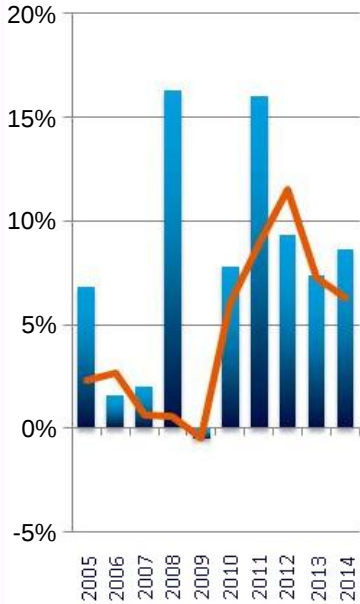


# Objective: Outperform Industry

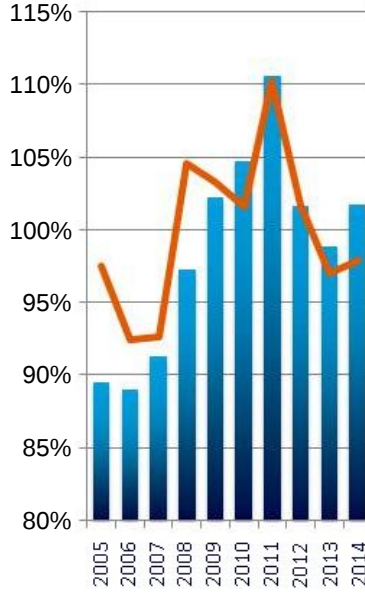
## Service, Profitability and Book Value Growth

### Change in Net Written Premium

DGI CAGR: 8% Peer CAGR: 5% DGI Avg: 99% Peer Avg: 100%

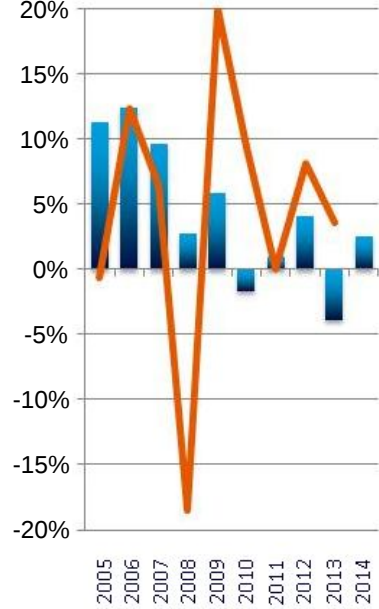


### GAAP Combined Ratio



### Change in Book Value

DGI CAGR: 4% Peer CAGR: 5%



■ Donegal Group      — Peer Group\*

\* Peer Group consists of CIN, EMCI, HMN, THG, SIGI, STFC, UFCS (Source: Bloomberg)





## 2014: Challenging First Half Weather Led to Operating EPS\* of 47¢ in 2013

- 8.6% increase in net written premiums
  - Driven by rate increases and 13.8% commercial lines growth
- 100.5% statutory combined ratio\*
  - Catastrophe weather losses added 2.6% to combined ratio
  - Benefits from rate increases and underwriting initiatives masked by weather losses and higher auto claim severity
- Book value per share at \$15.40 compared with \$15.02 at year-end 2013

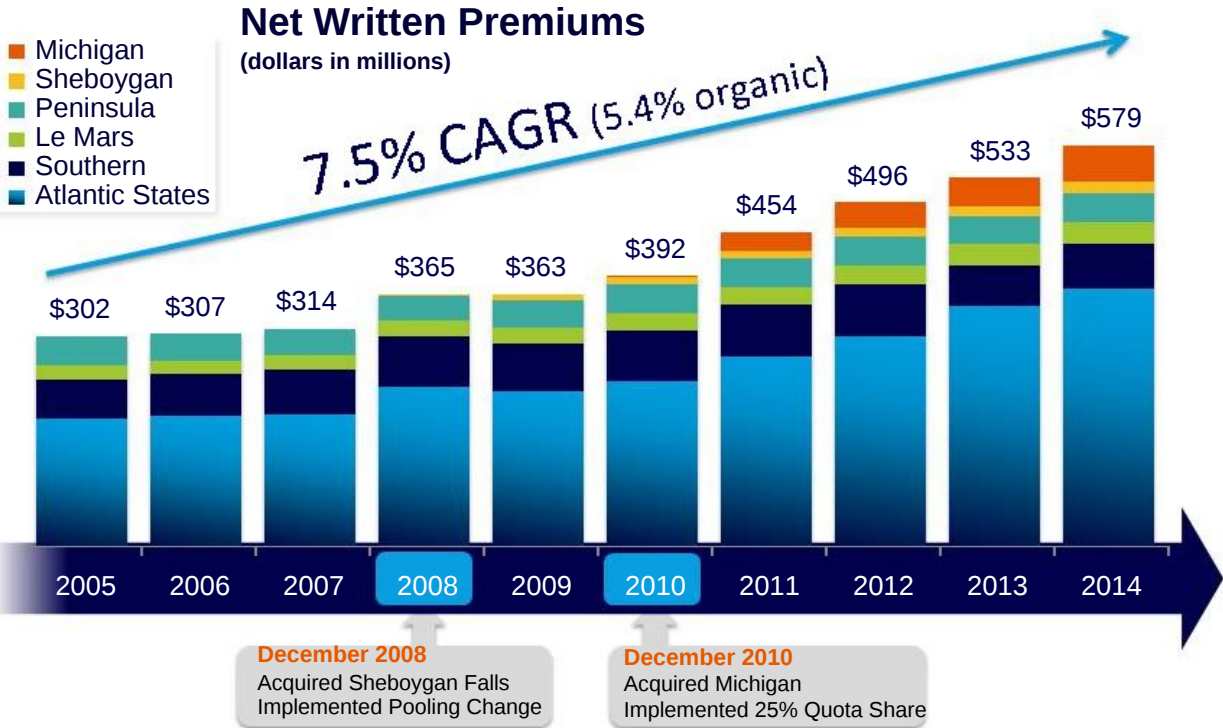


Additional details are available at [investors.donegalgroup.com](http://investors.donegalgroup.com)

\* Reconciliations and definitions of non-GAAP data also are available on our website

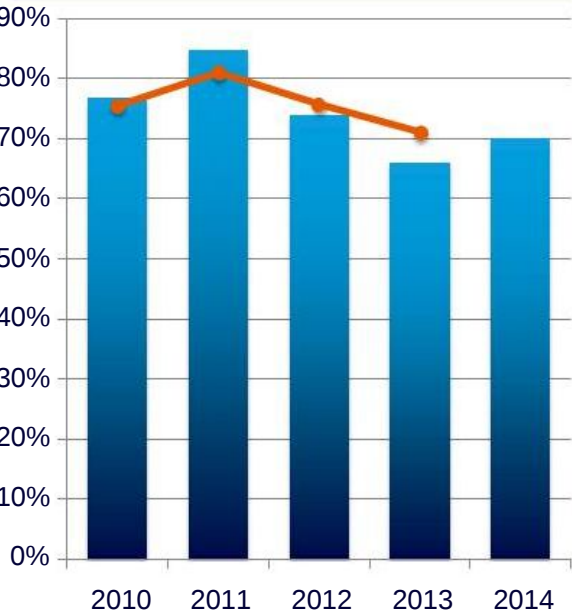


# Drive Revenues with Organic Growth and Opportunistic Transactions



# Focus on Underwriting Profitability to Enhance Margins

### Personal Lines Loss Ratio



### Commercial Lines Loss Ratio



■ Donegal Insurance Group (SNL P&C Group) — SNL P&C Industry (Aggregate)



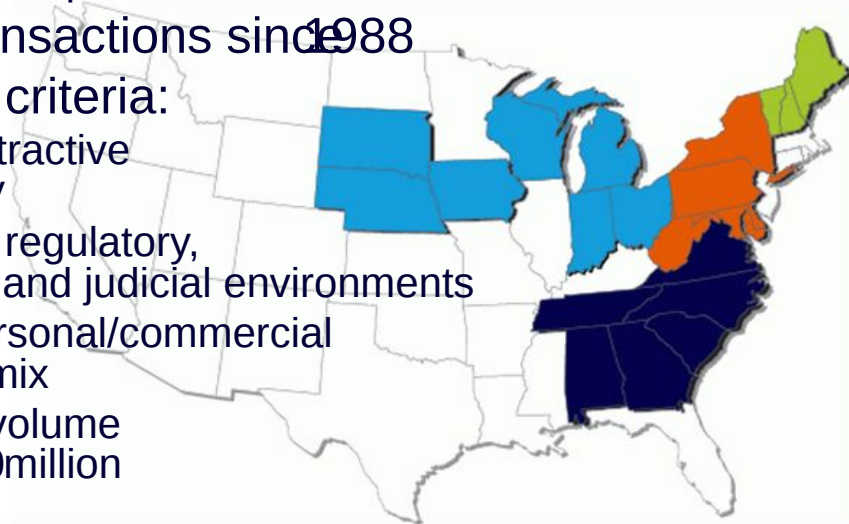
# Achieve Book Value Growth By Implementing Plan

**Pursue quality premium growth and enhance  
underwriting profitability**

Support insurance operations with conservative  
investment strategy

# Maintain Multi-faceted Regional Growth Strategy

- \$579 million in 2014 net written premiums across 21 states in four operating regions
  - \$768 million in direct written premiums for insurancegroup\*
- 10 M&A transactions since 1988
- Acquisition criteria:
  - Serving attractive geography
  - Favorable regulatory, legislative and judicial environments
  - Similar personal/commercial business mix
  - Premium volume up to \$100million



# Example: Michigan Insurance Company

- Attractive franchise acquired in 2010
- Fully integrated into Donegal systems in 2013
- Strategic fit
  - Capable management team
  - Quality agency distribution system
  - Diversified mix of business

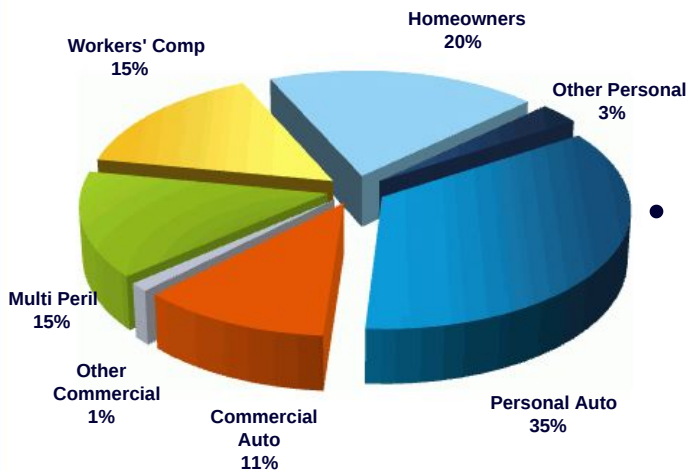
(Dollars in millions)	2015	2014	2013	2012	2011	2010 (under prior owner)
Direct written premiums	\$115**	\$111	\$112	\$111	\$108	\$105
External quota share	0%	20%	30%	40%	50%	75%
Ceded to Donegal Mutual*	25%	25%	25%	25%	25%	N/A
Retained by MICO	75%	55%	45%	35%	25%	25%
Included in DGI NPW	\$95**	\$72	\$62	\$57	\$46	N/A
Statutory combined ratio	NA	101%	99%	94%	95%	97%

\* Premiums ceded to Donegal Mutual are included in pooling agreement with Atlantic States (80% to DGI)

\*\* Projected based on estimated 2014 growth rate

# Continue Strategic Efforts to Balance Business Mix

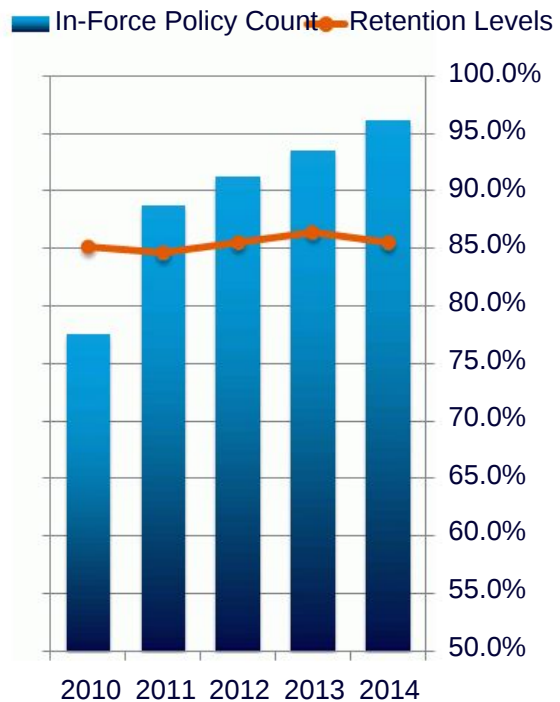
## Net Written Premiums by Line of Business (2014)



- Commercial lines = 42% of NWP in 2014
  - Commercial lines renewal premiums increases in 5-7% range
  - Ongoing emphasis on new business growth in all regions
- Personal lines = 58% of NWP in 2014
  - Rate increases in 3-8% range
  - Modest exposure growth in addition to MICO premiums retained

# Emphasize Growth in Commercial Lines

- 99.8% statutory combined ratio for 2014
- Introduce core Donegal products in new regions
- Growth focus on accounts with premiums in \$10,000 to \$75,000 range
- Expand appetite within classes and lines already written:
  - Agency development
  - Add related classes
  - Appropriately use reinsurance
- Disciplined underwriting:
  - Expanding use of predictive modeling
  - Large account reviews
  - Loss control





## Focus on Personal Lines Profitability

- 101.0% statutory combined ratio for 2014
- Focus on the preferred and superior risk markets
- Underwriting initiatives:
  - Rate increases in virtually every jurisdiction
  - Expanding use of predictive modeling
  - New and renewal inspections
  - Seek geographic spread of risk
  - Balance portfolio (auto/home)
- Strong policy retention

# Organic Growth Centered on Relationships with ~2,400 Independent Agencies

- Ongoing objectives:
  - Achieve top three ranking within appointed agencies in lines of business we write
  - Cultivate relationships with existing agencies to move writings to next premium tier
  - Leverage “regional” advantages and maintain personal relationships as agencies grow and consolidate
- Continuing focus on commercial lines growth:
  - Emphasize expanded commercial lines products and capabilities in current agencies
  - Appoint commercial lines focused agencies to expand distribution in key geographies
  - Strengthen relationships with agencies appointed in recent years

# Support Agents with Best-In-Class Technology

Coming Soon *WriteBiz 2.0, BillingCenter, Mobile App Phase II*



Call  
Center



Mobile App

Service  
Center

ClaimCenter

ImageRight



# Drive Increased Efficiency with Automation

## Direct Premiums per Employee



- Current infrastructure can support premium growth
- Premiums per employee rising due to underwriting systems
- Claims system allows more rapid and efficient claims handling
- Mutual affiliation provides opportunities for operational and expense synergies
- Statutory expense ratio of 29.9 for 2014 vs. 30.2% for 2013

# Enhance Underwriting Profitability to Improve Operating Margins

- Sustain pricing discipline and conservative underwriting
- Manage exposure to catastrophe/unusual weather events
  - Reinsurance coverage in excess of a 250-year event
- Link employee incentive compensation directly to underwriting performance
- Focus on rate adequacy and pricing sophistication
- Coordinated underwriting across all regions
- Emphasize IT-based programs such as automated decision trees and predictive modeling

# Employ Sophisticated Pricing and Actuarial Tools

- Predictive modeling tools enhance our ability to appropriately price our products
  - Sophisticated predictive modeling algorithms for pricing/tiering risks
  - Territorial segmentation and analysis of environmental factors that affect loss experience
  - Exploring tools that allow consideration of vehicle-specific data in pricing
- Formal schedule of regular rate adequacy reviews for all lines of business, including GLM analysis on claim costs and agency performance
- Telematics/usage-based insurance initiatives

# Maintain Emphasis on Reserve Adequacy

- Reserves at \$292 million at year-end 2014
  - Midpoint of actuarial range
  - Conservative reinsurance program limits volatility
- Emphasis on faster claims settlements to reduce longer-term exposures
- 2014 development of \$14million within targeted range

## Established Reserves at Year-end

(dollars in thousands, net of reinsurance)

### Reserve Range at 12/31/2014

Low \$266,300

High \$310,400

Selected at midpoint



### Development (Favorable)

(\$2,885)	(\$168)	\$7,596	\$10,358	\$14,469
(1.6%)	--	3.1%	4.1%	5.4%

2010	2011	2012	2013	2014
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Values shown are selected reserves

Vertical bars represent actuarial ranges



# Achieve Book Value Growth By Implementing Plan

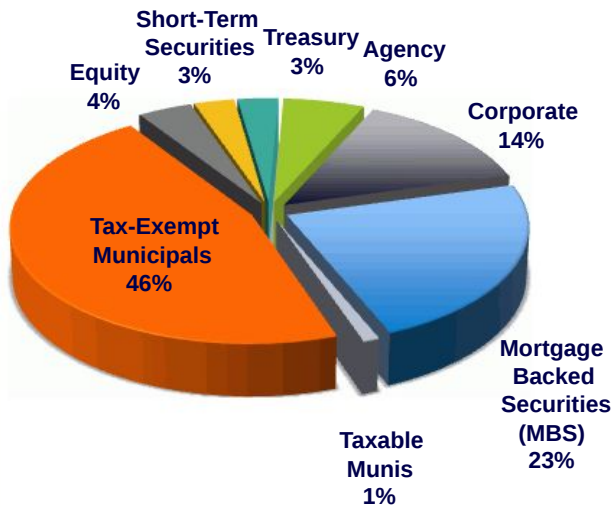
Pursue quality premium growth and enhance underwriting profitability

**Support insurance operations with conservative investment strategy**



# Maintain Conservative Investment Mix

**\$793.6 Million in Invested Assets\***  
**(as of December 31, 2014)**



89% of portfolio invested in fixed maturities at year-end 2014

- Effective duration = 4.1 years
- Tax equivalent yield = 3.1%
- Emphasis on quality
  - 82% AA-rated or better
  - 94% A-rated or better
- Liquidity managed through laddering

## Donegal Financial Services Corporation

### *Bank Investment = 5% of Invested Assets*

- DFSC owns 100% of Union Community Bank
  - Serves Lancaster County (location of Donegal headquarters) with 14 branch offices
- Expanded via acquisition in 2011
  - Added scale to banking operation
  - Enhanced value of historic bank investment
  - Increased potential for bottom-line contribution
- DGI owns approximately 48% of DFSC
  - 52% owned by Donegal Mutual
- Union Community Bank is financially strong and profitable

# Union Community Bank

*(48% owned by Donegal Group Inc.)*

- 2014 financial results:
  - \$506million in assets at year-end 2014
  - \$2.9 million in 2014 net income
- Excellent capital ratios at December 31, 2014:

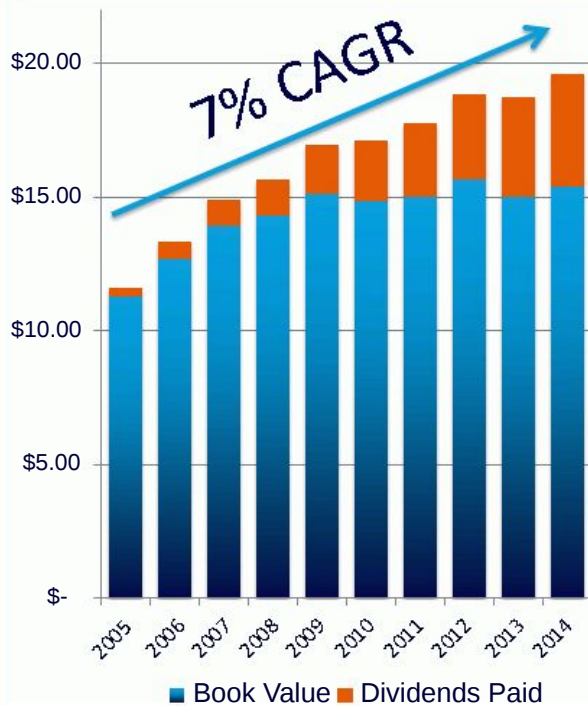
Tier 1 capital to average total assets	16.78%
Tier 1 capital to risk-weighted assets	23.17%
Risk-based capital to risk-weighted assets	25.29%

# Review: Long-Term Business Strategy for Growth and Success

- Maximize benefits of regional business approach
- Outperform industry in service, profitability and book value growth
- Drive revenues with organic growth and opportunistic transactions
- Focus on margin enhancements and investment contributions

# Strong Capital + Solid Plan to Drive Results

## Book Value Plus Cumulative Divide

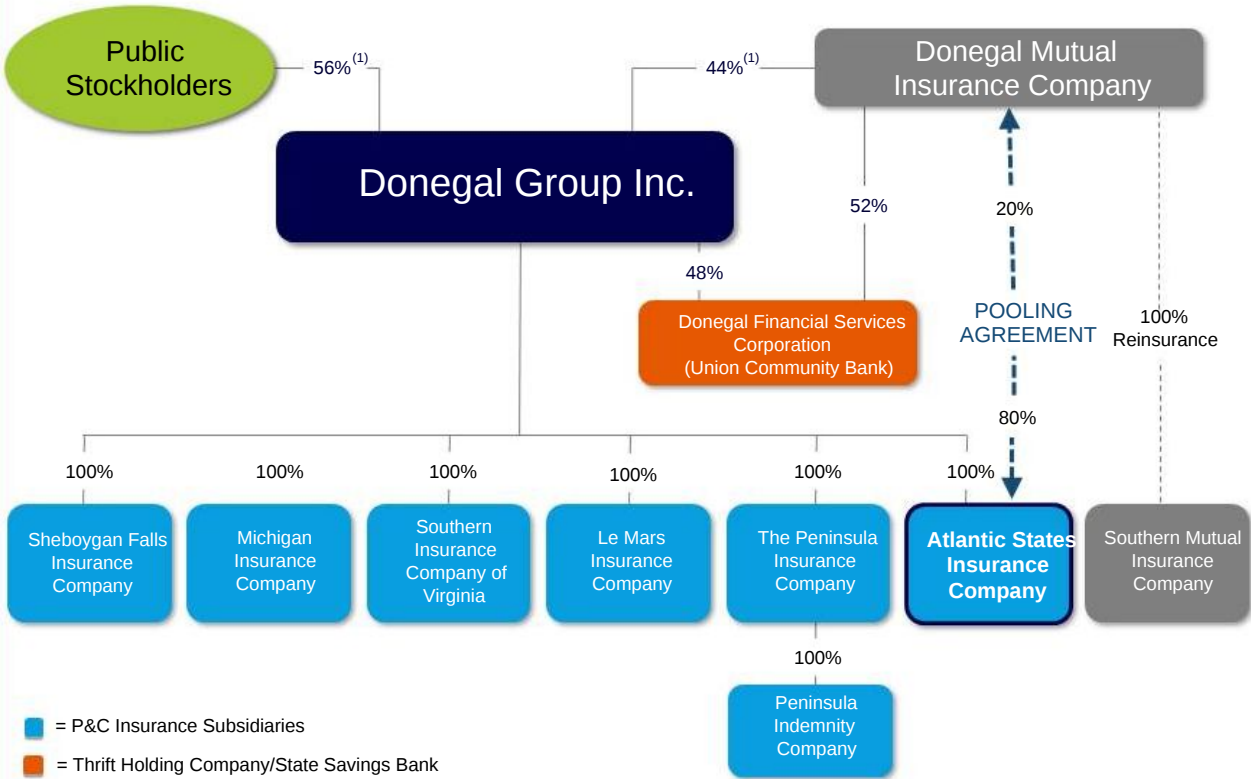


- Rated A (Excellent) by A.M. Best
  - Debt-to-capital of approximately 14%
  - Premium-to-surplus of approximately 1.5-to-1
- Dividend yield of 3.4% for Class A shares
- Authorization for repurchase of up to 500,000 shares of Class A common stock



# Supplemental Information

# Structure Provides Flexibility and Capacity



- = P&C Insurance Subsidiaries
- = Thrift Holding Company/State Savings Bank

(1) Because of the different relative voting power of Class A common stock and Class B common stock, public stockholders hold approximately 35% of the aggregate voting power of the combined classes, and Donegal Mutual holds approximately 65% of the aggregate voting power of the combined classes.



# History of Contributing Transactions

Company	Le Mars	Peninsula	Sheboygan	Southern Mutual	Michigan
Year Acquired	2004	2004	2008	2009	2010
Company Type	Mutual	Stock	Mutual	Mutual	Stock
Primary Product Line	Personal	Niche	Personal	Personal	Pers./Comm.
Geographic Focus	Midwest	Mid-Atlantic	Wisconsin	Georgia/ South Carolina	Michigan
Transaction Type	Demutualization	Purchase	Demutualization	Affiliation	Purchase
Net Premiums Acquired	\$20 million	\$34 million	\$8 million	\$11 million	\$27 million*

\* Michigan's direct premiums written were \$105 million in 2010





# Net Premiums Written by Line of Business

(in millions)	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13	Q3 13	Q2 13	Q1 13
<b>Personal lines:</b>								
Automobile	\$48.5	\$53.2	\$52.0	\$50.5	\$46.7	\$50.9	\$50.2	\$48.6
Homeowners	27.4	32.0	31.1	22.9	25.7	29.8	29.1	21.9
Other	4.1	4.5	4.6	3.8	4.0	4.2	4.3	3.4
Total personal lines	80.0	89.7	87.7	77.2	76.4	84.8	83.6	73.8
<b>Commercial lines:</b>								
Automobile	15.0	15.8	17.5	17.3	13.0	14.0	15.7	15.5
Workers' compensation	19.1	20.7	22.4	26.6	16.3	18.3	19.7	23.2
Commercial multi-peril	19.6	20.1	21.7	22.1	16.8	18.0	20.0	19.7
Other	1.6	1.6	2.1	1.4	1.3	1.4	1.6	0.3
Total commercial lines	55.3	58.2	63.7	67.4	47.4	51.8	57.0	58.6
<b>Total net premiums written</b>	<b>\$135.3</b>	<b>\$147.9</b>	<b>\$151.4</b>	<b>\$144.6</b>	<b>\$123.8</b>	<b>\$136.6</b>	<b>\$140.6</b>	<b>\$132.5</b>

# Combined Ratio Analyses

(percent)	Q4 14	Q3 14	Q2 14	Q1 14	Q4 13	Q3 13	Q2 13	Q1 13
<b>Stat combined ratios:</b>								
Personal lines	106.5	95.2	99.5	102.7	99.3	97.9	100.2	98.1
Commercial lines	95.1	94.4	105.8	104.3	89.4	93.0	101.4	98.4
Total lines	101.8	95.0	102.1	103.2	95.4	96.0	100.6	98.0
<b>GAAP combined ratios (total lines):</b>								
Loss ratio (non-weather)	67.8	56.3	63.2	61.7	59.1	57.8	63.1	64.1
Loss ratio (weather-related)	2.8	7.7	8.5	11.4	3.5	7.2	7.4	4.5
Expense ratio	30.4	32.1	31.9	31.3	31.9	32.3	32.3	30.7
Dividend ratio	0.6	0.7	0.4	0.3	0.4	0.3	0.3	0.4
Combined ratio	101.6	96.8	104.0	104.7	94.9	97.6	103.1	99.7
<b>GAAP supplemental ratios:</b>								
Fire losses greater than \$50,000	4.9	4.4	6.8	7.6	4.8	2.4	4.4	6.5
Development on prior year loss reserves	4.8	1.4	4.4	-0.3	0.1	2.4	3.7	1.5